

The Department of Revenue does not currently license raffles. Raffle licenses and the conduct governing raffles may be found in the Raffles Act, 230 ILCS 15/1 et seq. (This is a GIL).

June 24, 2004

Dear Xxxxx:

This letter is in response to your letter dated June 7, 2004, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Enclosed please find a copy of a raffle ticket to release about the end of June of 2004. The query for sales tax associated on this ticket, if necessary please refer this letter to your legal department. Thank you for sales tax rate form and FYI the reference by myself of a quarterly RRA number was listed as a RR3, line 18 of the form that your office did send to myself and is not a Federal reference number.

When I first opened in 1985, I ended up in the hospital five times and without back up, closed down and lost my home, everything. So there is no forms filed except RRA for about a year (quarterly) with a zero filing value.

In 1997, I reopened purchased bad equipment and have been involved in a lawsuit for five years, or so. Now I plan to release raffle tickets issued by COMPANY; and COMPANY, sole proprietorship of PERSON, will hold in trust proceeds from that raffle to release of funds, for various community business projects and it seems, COMPANY will revolve into a Financial Service at that time. Those monies will not attain revenue until they are issued to recipients. COMPANY from the entire fund will receive \$50,000 and expenses providing a large percentage of the raffle tickets are sold.

Prior to that all monies will be held in Trust and I am asking for a tax exempt number, for a non profit trust at this time. Since the Trust in its interim will not attain revenue and

must reach volume for it to be dispensed. Its use, will be diminished should taxes be attached to it, prior to its achieving its stated monetary goal. Therefore I am requesting that non profit number for its interim stage.

I have enclosed a Trust Declaration and a Mission Statement for that Trust Account at PLACE.

I hope to hear from you or your legal department on this matter as soon as possible.

For general information purposes, the Department of Revenue does not currently license raffles. Only certain persons and organizations may conduct a raffle. Raffle licenses and the conduct governing raffles may be found in the Raffles Act, 230 ILCS 15/1 et seq. Municipalities and county governments have jurisdiction over raffles, so you should consult these authorities for raffles information.

In general, the Illinois Retailers Occupation Tax and Service Occupation Tax are imposed upon the total gross receipts received by retailers who make sales of tangible personal property to Illinois end users.

Organizations that make application to the Department of Revenue and are determined to be exclusively religious, educational, or charitable, receive an exemption identification number (an "E" number). See 86 Ill. Adm. Code 130.2007. Jewelry businesses are not eligible for such a number. An "E" number evidences that the Department recognizes the organizations as exempt from incurring Use Tax when purchasing tangible personal property in furtherance of their organizational purposes. If an organization does not have an E number, then its purchases are subject to tax. Please be aware that only sales to organizations holding the E number are exempt, not sales to individual members of the organization.

Organizations that have E numbers are also allowed to engage in a very limited amount of retail selling without incurring Retailers' Occupation Tax liability. These limited amounts of selling are described in 86 Ill. Adm. Code 130.2005(a)(2) through (a)(4). An exempt organization may engage in sales to members, competitive sales, and certain occasional dinners and similar activities (two fundraisers a year) without incurring Retailers' Occupation Tax liability. Organizations could use their E numbers to purchase items for such limited exempt sales. However, if organizations engage in ongoing selling activities (such as Little League concession stands or sales of items in a thrift shop run by a church), they must also register with the Department as retailers, file returns and remit tax. For these types of ongoing sales, the organizations would provide their suppliers with Certificates of Resale for the items they purchase to resell and remit Retailers' Occupation Tax on their gross receipts from sales. See 86 Ill. Adm. Code 130.1405 which describes the requirements for validly executed Certificates of Resale.

Unless an exemption is documented, the sale and delivery of tangible personal property to an Illinois customer creates a legal presumption that the sale is for use in Illinois and subject to tax. See 35 ILCS 105/4.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

EEB:msk